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Statement of Rep. Brad Miller on Housing Chief's Reluctance to Consider Principal Reduction on Troubled Mortgages

Washington, D.C. – A new analysis by the Federal Housing Finance Agency (FHFA) reportedly shows targeted principal reduction programs at Fannie Mae and Freddie Mac could save taxpayers as much as a billion dollars while keeping many deserving families in their homes. Despite this new analysis, the Acting Director of the Federal Housing Finance Agency, Ed DeMarco, continues to block any widespread principal forgiveness programs at the government sponsored enterprises. The Obama administration, members of Congress and consumer groups have been pressuring FHFA to reconsider their opposition to principal reduction programs for more than a year.

Statement of Rep. Brad Miller (D-NC):

"I join Secretary Geithner in urging that FHFA reconsider the decision to continue to refuse any principal reduction in Fannie's and Freddie's loan modification program. FHFA's own analysis shows that targeted principal reductions would save taxpayers money as well as help many homeowners avoid foreclosure.

We are five years into the housing crisis, and FHFA remains paralyzed by the fear that somehow homeowners innocently trapped in the worst economy since the Great Depression are going to weasel out of paying every penny on their mortgage that they could. More than any private business or government agency, FHFA has the economic and legal power to break the cycle of declining home values and foreclosures that has stunted economic recovery, and has consistently failed to exercise that power with the imagination and urgency required."

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